Can I say what a pleasure it is to come back to Canary Wharf. It's a part of London I've visited on many occasions and I never cease to be amazed by the remarkable transformation that has taken place here. It is of course for me very much a question of memory lane and just a quick glace around the room brings back fascinating memories of my political experiences in urban regeneration. I remember Colette, of course, in the 1981/82 period, the traumas of Liverpool, which I'll say a word about in a minute or two, Eric Sorensen who was of course deeply involved in the running of the Docklands Development Corporation after Reg Ward, who I believe is actually in here the audience somewhere (one of the great unsung heroes of the urban renaissance of the early 1980s), and Peter Hall who worked for me in the Department of the Environment when I went back there in 1990.

I cannot pretend that what I'm going to say to you is a sort of coherent, word for word script of what happened and why it happened, it's really a series of snap shots and perhaps one or two generalizations about what I think we did and why we did it and whether you can draw lessons from all of that experience. The beginning of it all, as far as I can remember had nothing at all to do with East London. I was a Junior Minister in the newly created Department of the Environment in 1970 and I had various responsibilities in that a Junior Minister ever had responsibilities in those days but one of the things where I had a finger in the pie was planning. I was then and remain appalled by what was happening on the South Bank of the Thames in inner London. It's not a very profound judgement but I think that was one of the great urban waterscapes in the world, very difficult to think of something you could develop with such potential, so close to the heart of a great city and I think what we did was appalling. I look at it to this day and shudder at the quality of the development. But I had a solution: I

was going to take over responsibility for it and so I said to one of my senior civil servants “prepare me a new town development corporation; I’m going to take over the South Bank of the Thames”. I think word of this plan got out and I was rapidly moved to another department – Minister of Aerospace – couldn’t get much further away from urban planning than that – but they actually then asked me to embrace another foolhardy scheme, which was building a new London airport on the gunnery testing sites of Maplin Sands, assuming in the process that I would steal away the unexploded bombs which lay there from the end of the Second World War. Rapidly the House of Commons came to one of its wiser moments and prevented the government form pursuing this harebrained scheme and in the process of investigating this opportunity I discovered the East End of London and I flew over it. And if I was appalled by the south bank of the Thames I was horrified by the extraordinary expanse of dereliction that was partially a hangover from the war, partially a consequence of the migration of dock based industries downstream, partially a dereliction of vast public utility sites from which all contemporary use had long since gone, partly the inability or doctrinal reluctance of local government to actually regenerate with anything that looked like a capitalist or free market enterprise solution. So there had been significant rebuilding of housing estates of limited architectural appeal, but not much else. And so the east end of London had taken on a sort of characteristic of derelict areas, which in a single word is called “uncompetitive”.

Anyone who lived there who had the resource, the ability, the money to get out got out and nobody who had any choice got in so you had a vicious circle of decline and it compounded itself as those who remained argued for more and more public money to support the already declining infrastructure, social infrastructure of the area, they became a pressure

group for public support and those who wanted choice and opportunity, their own home, their own business went and just helped the process on the way. The new town processes built in the green fields in various parts of Britain had subsidies aplenty to take what footloose industry was around, to operate on far more attractive sites. I saw all this and so when I became Secretary of State in the department after the election of 1979 on the day of my arrival at the Department I gave my Permanent Secretary an envelope which was my agenda for the department, saying “this is what I want to do”. And on the envelope was reference to this development corporation that I told him “you’ll find somewhere in the basement of your department, the plans I had developed in 1972-71, please find them, we’re not going to bother any more with the south bank of the Thames, that’s all too late, we’re going to take over the six thousand acres of seven London boroughs that constitute the area. The interesting reaction of the department of the environment at the time was blanket hostility. They saw themselves as the custodians of local government and they said that this was a massive intrusion into the activities, powers and privileges of local government and there could be no sympathy for that in their sponsoring department. I found this argument unappealing and so I set out to pursue my urban development planning corporation.

Civil servants are a wonderful lot of people, infinitely resourceful and if they have a wilful minister they are expert in mobilising resistance and hostility in departments other than his own in order to make things as difficult as possible for the minister to get what he wants. It was not long before the Chancellor of the Exchequer, my friend Geoffrey Howe, sent in the appropriate warning salvo: “Michael, I’ve heard of your ambitions for the East End of London, you’ll remember we’ve been elected to cut public expenditure, there is no money”. And curiously, almost by the same post

came a letter from Keith Joseph: “Michael, I’ve heard of your ambitions for the East End of London, you will remember that we are not a Labour government we are not interventionist, we do not involve ourselves in micro-management of the economy, the market is supreme!” That seemed a very formidable opposition to any likely progress and there was only one way to go, as a Secretary of State isolated by two of the most powerful colleagues in the government: that was a direct appeal to Number 10. It was quite difficult to see what argument would actually overwhelm the conventional ethos of the political party to which I belonged to. But then I had a conversation with a Tory MP called Reg Prentice who had represented, as a Labour MP, those parts of the East End of London. I said “Reg, I’ve got a hostile department; this is what Geoffrey says, this is what Keith was saying”. He said “Michael, what you should say is this”. “Thank you. Reg”, I said, “I think that makes sense”.

So we gathered the Prime Minister, the Chancellor, Secretary of State for Trade and Industry and the Secretary of State for the Environment in Number 10 one night and Geoffrey made his speech: “Michael, we all greatly admire your vision and your imagination and your drive but of course you’ve got no money”. Keith: same argument. “Michael, no interventions, it’s not the way it is, you saw what happened to the last government, new broom, new ideas and all that”. And then Margaret turned to me and said “well Michael, it looks as if you’ve got some problems here, what do you think?” and I said “Margaret, no-one is more sympathetic to the rigour of the financial regimes to which we are committed and I give you a solemn promise, not a penny will be spent that I will not find within the allocated budget that I have already received through the generosity of my friend the Chancellor of the Exchequer”. To Keith I said “How can I, how can I resist this intellectual vigour and discipline on which the whole of the

country now rests its hopes and ambitions? But Margaret" I said, "I've been talking to Reg Prentice, and he says the problem is Margaret, all those councillors down there, they're all communists."

Well, if you ever lit a blue touch paper … and I got my Urban Development Corporation! Well, I thought I'd got my Urban Development Corporation. I got back to my department, my Permanent Secretary was there, as they always are, and he said "well done, what an incredible victory gained against the might of your senior colleagues, appealing over their heads to the Prime Minister, we in the department are enormously proud to have a Secretary of State of your calibre and vision and energy and determination. Golly, we love you! There's one small problem" he said, "Secretary of State. And that is we've been looking at the legal ramifications of what you propose, and the difficulty is: taking over that great swathe of derelict London would need hybrid legislation". "Oh", I said. Hybrid legislation may not mean a great deal to many in this audience but to a politician it's the killer because it is a piece of legislation specifying a particular person or place and therefore singling them out for legislation. And under parliamentary procedure that person or place has the right to appeal directly to parliament about the legislation. You cannot get it through. They produce lawyers, argument, consultants, study groups, you name it … the parliamentary processes are bogged down for time immemorial but just sufficiently for the Secretary of State to be moved to another department before the whole thing fails. "And so Secretary of State, whilst we are overwhelmed with admiration, it will need hybrid legislation" I thought for a moment, I said "tell me where the second worst site in the country is" and they said "Liverpool". "Give me general powers and I will designate the first two development corporations in London and Liverpool. That is how it all came about and it seems incredible to me looking back. It's what was the

history of it all. Plus of course that Geoffrey was very keen on enterprise zones, and from the point of view of Canary Wharf that is a very fundamental point. I didn't believe that enterprise zones would actually achieve what was thought of them for the reasons which I made absolutely clear earlier on: enterprise zones are a means of subsidising investment … yes that is true, by tax and local authority subsidies. But if the ground to which they are attached is negative in value because of pollution, then the subsidies are not enough and so while I was delighted to incorporate the incentives that Geoffrey believed in to the available legislation, I still wanted that fundamental combination of land assembly and planning within the powers of the Urban Development Corporation. This of course was what the new town corporations had used with such effect in building their new town corporations.

One you had an Urban Development Corporation and we took six thousand acres with one exception I'll come back to in a minute, then the next stage was to choose the people, vital, and to provide sufficient money for them to remove negative value which was the barrier to private sector development. If you've got a site which is toxic, get rid of the toxicity and you've got a sporting chance that the private sector will come in and use the site. What we developed at that time in 1979 (not 1981 as many people think) was this concept of partnership with the private sector. I mention that we didn't take over all of the six thousand acres I had in mind – again, the same Permanent Secretary said "Secretary of State, this incredible achievement … but do you not think that you've won such a battle, why don't you leave Greenwich and Lewisham on the south bank out of your ambitions just for the time being so that we just concentrate on the northern six boroughs". As I say it now I can still feel that awful sense of weakness as I agreed. Of course, in 1990 – and now we're eleven years

on – I went back to the Department of the Environment and Lewisham and Greenwich, what were they like? They were exactly what they were like in 1979 when I left them out.

That of course is a story of its own because that explains why I fought so hard to bring the Dome to that Greenwich site. Something had to happen to spark the rejuvenation and the dome was a vehicle. If I can stay for a moment or two about it, it will prove to have been a massively successful investment for the people of Greenwich and for greater London's interest.

Having got the land assembly and planning powers into the Urban Development Corporation the people were essential. And I was very determined to balance the books. I did not see this as a vehicle of heavy handed central government taking over and laying the political institutions of the area to waste. I did choose Nigel Brookes who was a very successful entrepreneurial capitalist, experienced particularly in property development because this was largely about property development but I made his number two Bob Mellish. Bob Mellish was a Labour member of Parliament in the East End, he'd been minister of housing and he was an absolutely charming person to … well, charming might not be the right word for a chief whip but he was, I thought he was, a fist class guy, and I thought the partnership between the two would work extremely well. Then I made sure there was a private sector balance but that the leaders of the council actually – all of them, I may be wrong – were actually on the Urban Development Corporation but in a minority, you'd be surprised, as the years unfolded, how many of them by whisper, by nod, by wink said what a wonderful thing it was to be on an Urban Development Corporation, bringing life and hope to the East End of London without the great mob of councillors behind their backs stopping them doing good things. So it was a fascinating experience and I'd indicated that what was then necessary was

to create the environment in which the private sector would take over or work in partnership. The first and the pacemakers were the private sector housing people.

Now it was actually extraordinary that in post war Britain from 1945 to 1979 that we were now thinking about, there had been virtually no private sector housing built in this part of London. So as I mentioned, if younger persons began to make their way, ambitious to join the ladder of property-owning democracy, you had only one choice, leave your parents behind and move to the new towns or to the suburbs where houses were available. As a means of depopulating and degenerating urban areas, I can think of nothing worse than to take the lifeblood of energy and enthusiasm and youth of the community and if you do that of course you'll take potential employees, you take out skills and training with that goes the jobs and you have a vicious circle of continuous decline. The object of the Urban Development Corporation was to reverse all that.

By the time I left which was very early in 1983 I was bordering on the sort of panic which was because absolutely nothing had happened. I say nothing had happened, there was nothing to show that any thing had happened because first of all it takes eighteen months to set up anything if you move through the parliamentary process. It's interesting if one is thinking of forming a government and I'm sure you share the ambitions of former government, but never underestimate the time it takes to get the legislation through, to get the people in place: difficult to get the people in place if you haven't actually got the legislative framework! They then consult, they consult, they plan, they draw up details, they investigate and if you are the Secretary of State who's pinned his reputation on regenerating the East End of London and the next general election is on your doorstep you've got big problems because there is nothing to show for it except a lot

of money spent on consultants. The homeowners, homebuilders did provide an answer: they built, Wimpeys, Barratts, anyway, whoever it was, two thousand houses a year. That was a big start. By the time – that was only just beginning while I was leaving: I can only remember Nigel coming into my office. I said “we’ve got to have results, we’ve got to show something happen.” And he said “then repair some of the churches.” Well, that wasn’t quite what I had in mind, I must tell you but at least it was something. Then he turned up and said “Michael, there are a lot of cranes down there” and I said “What?” and he said “cranes. When they moved the docks they left they left these huge cranes” and I said “Yes.” “I can buy them for a quarter of a million pounds.” I could see Geoffrey Howe in my mind’s eye ‘if I had actually spent a quarter of a million pounds of public money on buying derelict cranes…’ Anyway, I don’t know what persuaded me to do it but buy them I did, and there they are and I’m so proud that I made that decision but so ashamed I was so gutless about it.

I suppose I’ll tell you this as I remember this happening. And on this agenda in my pocket is the word ‘vision’. Now you will actually have heard much about vision and I think that perhaps underestimates what I was trying to do because I think I did have a vision of regenerating this large area. But we don’t do vision in this country. If I had said, if I had stood up in 1979 to my colleagues and said “don’t you have any doubts about what’s going to happen here: we’re going to regenerate this area and in the period of this government some guy is going to turn up from Canada and build the world’s (or one of the world’s) most extraordinary trading floors for the city of London. A British company is going to build an airport, some Malaysians are going to turn up and build Excel, an American is going to turn up and buy O2 and make it into one of the principle European attractions” they’d have locked me up! We don’t do vision in this country and the whole

machinery of particularly parliamentary reporting and accountability, of media comment, the moment you set yourself a target it becomes a kind of national game to burrow underneath what you're trying to do and make it nearly impossible to achieve it. So that puts in perspective the Docklands Light Railway. Now the Docklands Light Railway serves a valuable service but I don't think anybody who came – a Martian! – to tackle this opportunity would have thought a railway like that was the answer! I mean, the Jubilee Line, linking it all together, the Jubilee Line… if I'd been Paul Reichman and the government had been a private sector company I'd have sued the government for the way they behaved over the Jubilee Line. We promised them a line and when the economic winds blew in the late 80s he had this extraordinary office complex and no railway. It was the government's fault, not his, and it greatly accelerated his difficulties and accentuated them. But anyway, Docklands Light Railway… I did in 1981 and the minute, minute scale of it indicates the way in which we do things. Do it the small way, think little, do a bit of incremental this and that. There was, coming to 1990, by which time of course all of this had happened and everyone knew what a wonderful success it was and endless people were able to claim credit for their foresight in making things happen, Oh Yes.

But there was one more big opportunity and that of course was Stratford and the layout of the remarkable visionary idea of taking the cross channel link north of the Thames, through Stratford into St Pancras. The Waterloo plan that was being devised in government was by British Rail and the Ministry of Transport. It was to take the link into Waterloo, hit the buffers of London and that's where it would end. The Ove Arup plan was to come in North and of course then you have the potential to take the link … well, the future has yet to be written! But it is a totally different concept and by having to stop at Stratford you opened up the extraordinary potential of

Stratford development and again if in 1979 I had said “and don’t you worry, because in Stratford we will win the Olympic Games!” you know they’d have put me back inside. So anyway that is for me a wildly exciting experience. It coincides – and Colette was right to make this link – with how I had got involved in Liverpool. I have explained how I got into Liverpool but there was another reason and I now widen what I want to say away, specifically the East of London.

Peter Shore who was the Labour Secretary of State who I succeeded had created what frankly was a sort of slush fund for the local authorities. They got all their housing money, their education money, their environment money, their transport money in the traditional distribution. He then had a package with nearly two hundred million pounds with which he went to the deprived areas and said “here, have another ten million for this and another five million for that” and just went into some of the worst areas and gave them some more money. When I took over responsibility I said “there is something wrong here. All this money is going into the most deprived areas and they’re all getting worse and so basically what is happening is that they’re all putting in more money, compounding the problems that are already there” – in other words sustaining as best you can communities that are themselves unable to be sustained. He had also as part of the distribution mechanism of this urban fund put a minister in a sort of partnership role with authorities who were getting the money. That was a good idea and my officials said “well, what do you think” and I said “I rather like this idea, partnership, can’t go wrong, where was Peter Shore?” Well, he was in Liverpool: I said “well, I’ll go to Liverpool, lets have continuity where we can.” And that’s how the Liverpool connection began: the partnership arrangement and the Urban Development Corporation in order to enable the redevelopment of London’s East End.

When I arrived in Liverpool, very soon after the election, naturally a huge fanfare of triumph and glory and wonder and “good to see you and so glad you’ve got so much money to spend in our community” I said “yes” to all that. “I’m going to continue with the partnership but there’s going to be one change: that you’re going to get the money, well, you’re going to get a chance to get the money but if you do get it you’re going to have to spend it in dialogue and consultation with the private sector”. This sounds so blindingly obvious, so well established… I tell you in 1979 it was revolutionary. And an indication of the scale of the revolution was that one bright councillor said “that’s very interesting indeed Secretary of State… who are the private sector?” Well, I knew perfectly well there was no entity that could in any way be called the private sector effectively at that state, especially not in Liverpool. I was not going to be beaten by the fact that there was no rational answer to the question. So speeding up to the starting point I said “the Chamber of Commerce” as though I believed it. The Chamber of Commerce was totally inadequate to play the role that I suggested, but it was an answer! It got me past square one. And that simple decision actually transformed urban policy in this country. Everything that’s flowed in urban regeneration since then has rested on the premise that if you use government money to do what the market will not and then create partnerships with the private sector or other agencies you can create a virtuous circle of regeneration.

It started very simply by looking for derelict sites and clearing the toxicity. Then came the riots of 1981. I said to the Prime Minister “look, I don’t believe this is simple, I don’t believe we should treat this as just another sort of example of hooliganism: I want to take time off. I want to leave my department behind. I want to walk the streets of Liverpool and I want to get under the skin of it” and she said “yes, do that” and so I did. And it was an

absolutely fascinating experience. It wasn't that I learnt anything, no new concept emerged from that time but what emerged with enormous impact was the devastating loss of control at local levels for all sorts of reasons: first of all the nationalisation of the commanding heights of the economy had taken huge swathes of Britain's economy into a centralised London base. Punitive taxation had destroyed the strength of the capitalist system to regenerate itself. Local government had been hollowed out. Area after area had been taken out of local government and concentrated effectively in the spending departments of London. The concentration of the capitalist system, the takeover processes that turned private sector businesses into branch offices, the large family businesses had been replaced by institutional owners, institutional wealth was very much managed by the great banks and institutions of London so when I spent those three weeks in Liverpool the first day I said "you say no-one's listening, I've come to listen" … "That's very good, very good, someone's come to listen." Second day: I'm still listening. After about three or four days they began to say "well, what are you going to do?" and I said "well, I'm listening, you said you wanted me to listen, I'm listening like Billy O and I'm going to go on listening."

After about a week it was quite obvious that the game was over and people were looking for some results. One was already realising what had gone wrong: there was no leadership. There was no community of strength, there was no partnership between the various centres of power of wealth in the community, it was a desert of human initiative and drive. And so we found ourselves trying to find ways of saying by demonstration to Liverpool "look, it can work here", and we had, literally, we had a notebook, Eric will remember it… every Thursday I would turn up to dinner and we would go through the notebook like a sort of foreman and the Clerk of Works would

go through the site checklists as we worked on these perhaps twenty projects that we were trying to show worked. I won't list them or anything like that but out of those twenty projects came the examples that showed what could be done and some of them have now become central to national policy: the rescue by Barclays and Abbey National of Cantril Farm and turning it into Stockbridge Village Trust became a model for how local authority housing estates are now managed throughout the country, the way which the industrial park (big partnership between the local authority and Plessy and the Coal Board if I remember correctly) showed what could be done to bring new jobs of high quality into desolate urban areas. The restoration of the Albert Dock… When I went to Liverpool they were about to knock it down: anyone who knows the Albert Dock knows it is now a symbol of the urban renaissance in this country. So we started with the sites, the derelict sites, and bit by bit it worked.

The next stage of 1990 was the creation of a thing called City Challenge. This was the exact opposite of going to derelict communities, desolate communities in 1979 and putting in more public money as a sort of entitlement for being desolate. We said "Look, we've done the sites, we know that works, we're getting good gearing. In London… we're getting ten private pounds for every public pound, in Liverpool even in the darkest days we got one and a half pounds of private money to add to the public pound." We said to thirty areas with stressed communities of between ten and twenty, thirty thousand people "look, we're going to have a competition, and there's three hundred and fifty million pounds on the table of government money. There are going to be ten winners: that's thirty five million pounds each and it is seven million a year for five years. That's the prize: you've got to set up a framework, come forward with a corporate plan, tell us what the community is prepared to add to it and you're going to

fight each other for the results. And only ten of the thirty of you will win. Well, you can imagine the sort of outcry this provoked – I won't you this language in this polite society (it was not universally popular as an idea). It was however, wildly successful. Wildly successful because the communities that were created did something that challenged all that central bureaucracy that the drift towards London had made so necessary. The housing departments of a great authority didn't look to the great leaders of their communities, they looked to London, to my department. The police of five services people looked to the Home Office so there was no community concept. Suddenly, by saying "there is thirty five million up for grabs if you work together" not only did the local authority officials and the councillors work together, but they had to bring in the police and the universities and the head teachers to discuss the problems of how you actually improve education. And they had to put it all into a document and the leader of the council had to present to ministers how they were going to do what nobody had been able to do which is restore vitality to these derelict areas. Anyone who knew the Hulme estate in Manchester and knows what it was like in 1990 will know what can be done by that sort of initiative. Now, that's all history, it has created the basis of urban programmes by all parties. Where next?

Well, there is an obvious step, and it is to take the concept of city challenge and to apply it not to twenty or thirty thousand people in the community but to the authority itself, so that you build a process that leads to a corporate process, corporate plan for the city or town. Now to do that you need someone that can carry the leadership responsibility and the present arrangement of local government is not fit for purpose. I believe you've got to have directly elected chief executives, and I believe you've got to pay them. Properly! It is ludicrous to me that if you go to any of the biggest

cities in this country you will find that the official chief executive is paid within the top decile of income in that community: one hundred and fifty thousand a year or more. The guy who is responsible for leading that community? Maybe thirty thousand? Part time job takes actually seven days a week, twenty four hours a day! On thirty thousand a year? It's just mad that the guy who has to do the leading, the local prime minister if you like, is on thirty and his chief executive is on one hundred and fifty. Now I would fuse the two jobs and I would make this one person stand for election and then I would empower him on a scale which forty years of undermining local government has in my view made essential. Ten billion pounds a year are now spent by quangos that do the work once done by Local Governement. Run by people appointed by London by people who know best in Whitehall! Now, I think a lot of people in Whitehall are very, very good but I know they don't know best. They cannot know what is right in Manchester or Liverpool, they cannot know, they cannot experiment. It is not within the gift of Whitehall to sponsor experimentation. They look for one thing they think works and try to impose it by circular, by direction, by legislation, by defined grants of one sort of another. I think that has to go. I think we need a bonfire of those controls. We need directly elected chief executives to push the thing forward. Then I think we need to use the ten billion pounds in the same way we used the three hundred and fifty million pounds in order to reward authorities with the most imaginative ideas.

And one of the most imaginative ideas will be to seek partnership with other local partners. What will the university do to encourage the local skills centre? Do the local universities actually talk to the people in the skills centres? You'd be surprised to hear they don't often do that. If you've got a university excellent in this particular science, that there is some research laboratory, footloose on the international stage, that if we clear the land and

you provide a university class facility that they will bring their research facility? What about that big employer down there, he's saying that he wants to expand in this direction or the other, is there any way that perhaps by linking with some public agency we can add to the scale of opportunity. I saw it done in northern Japan, in a place called Hokkaido. Hokkaido has got permafrost four months of the year and the directly elected chief of that city told me "I'm going to make this one of the world's great cities by the time I'm finished" I don't think he will succeed but that was his approach and he had a catalogue of progress that he was determined to push through. In this country we would spend our life undermining the credibility of the catalogue of things that he wanted to do. We'd go though the enormous list and say, "well, none of it will work," that's what we do. In Japan they would just replace each one that didn't work with another one that might. It's a different approach, different attitude, and I believe that the overbearing suffocation of local power in this country from Whitehall encourages people to conform with what central government wants, will support and finance. I would like to see us remember that this countries great urban environment was not built to the diktat of London. It was built by men and women with incredible energy and foresight hundreds of years ago. They saw local opportunities and felt a pride in the community of which they were member. I think we should remember that.

I was lucky enough of course to be involved on two of the phases I have outlined. I have no plans to be involved in the third and final stage. Thank you